

## Message Text

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65

ACTION NEA-10

INFO OCT-01 AF-08 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 PA-01 PRS-01 /115 W  
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R 021240Z NOV 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9822

INFO USINT BAGHDAD

AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMCONSUL DHAHRAN

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E.O.11652: N/A

TAGS: ENRG, IR

SUBJ: IRANIAN RESPONSE TO INCREASED OIL DEMAND

1. IRAN, LIKE MOST OTHER OIL EXPORTERS, IS TAKING ADVANTAGE OF THE CURRENT SELLERS' MARKET. OFFICIAL PRICES HAVE NOT BEEN RAISED, BUT IRAN HAS UNILATERALLY RAISED PRICES AND SHORTENED CREDIT TERMS ON MUCH OF NIOC'S "STATED QUANTITY" OIL - I.E. CRUDE SOLD BY NIOC DIRECTLY TO THIRD PARTY PURCHASERS.

2. PRICES AND CREDIT TERMS FOR THE CONSORTIUM MEMBERS AND FOR "NORMAL" QUANTITIES OF STATED QUANTITY CRUDE SOLD BY NIOC TO ITS TRADITIONAL CUSTOMERS ARE UNCHANGED. HOWEVER, FOR ALL OTHER PURCHASES CREDIT HAS BEEN REDUCED TO 30 DAYS AND THERE ARE INDICATIONS THAT THESE CREDITS MAY BE ELIMINATED ALTOGETHER.

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MOREOVER, COMPETITION FOR INCREMENTAL OIL, EITHER ON SPOT OR

SHORT-TERM BASIS, HAS DRIVEN PRICES ABOVE OFFICIAL LEVELS.

3. AN ADDITIONAL REQUIRMENT BEING LEVIED BY NIOC ON NEW CUSTOMERS AND ON INCREMENTAL PURCHASES BY TRADITIONAL CUSTOMERS IS THAT THEY MUST CONTRACT TO BUY AN AMOUNT OF CRUDE DURING THE FIRST QUARTER OF 1976 (AT THE PRICES EFFECTIVE THEN) EQUAL TO THE QUANTITIES TAKEN DURING THE LAST QUARTER OF 1976. IT IS TOO EARLY TO PREDICT HOW SUCCESSFUL NIOC WILL BE IN ATTEMPTING TO INSULATE ITSELF FROM THE PRECIPITATE FALL IN DEMAND FOR OIL EXPORTS EXPECTED IN JANUARY, BUT NIOC MIGHT WELL BE ABLE TO SELL 500-600 MBPD MORE DURING THE FIRST QUARTER OF 1977 THAN WOULD HAVE OTHERWISE BEEN THE CASE.  
HELMS

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, PRICES  
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**Copy:** SINGLE  
**Draft Date:** 02 NOV 1976  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ellisoob  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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